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9	BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT	
10	OF THE STATE OF CALIFORNIA	
11	In the Matter of:	) CRMLA License No.: 415-0042
12	THE COMMISSIONER OF BUSINESS	
13	OVERSIGHT,	ACCUSATION IN SUPPORT OF ORDER TO REVOKE MORTGAGE LENDERS LICENSE
14	Complainant,	) )
15	v.	) )
16	FIRST CALIFORNIA MORTGAGE	
17	COMPANY,	
18	Respondent.	) )
19		
20	The Complainant, Commissioner of Business Oversight (Commissioner), alleges and charges	
21	Respondent First California Mortgage Company which has also done business under the names First	
22	Cal, Dealworks, and First Cal Mortgage Services Across America (First Cal) as follows:	
23	I.	
24	<u>Introduction</u>	
25	1. The Commissioner seeks to revoke the residential mortgage lender license issued to	
26	First Cal by the Commissioner pursuant to Financial Code section 50327 as a result of (1) repeated	
27	failures by First Cal to remedy violations of Financial Code section 50202 and California Code of	
28		
	1 ACCUSATION IN SUPPORT OF ORDER TO REVOKE MORTGAGE LENDERS LICENSE	

Regulations, title 10, section 1950.314.1 with regard to the improper commingling of trust account funds noted during repeated examinations and in violation of a prior order by the Department of Business Oversight (Department); and (2) failed to notify the Department that it had ceased doing business, no longer was located at any of its registered business addresses, failed to maintain working phone numbers or provide current address and contact information to the Department as required by Financial Code section 50124.

II.

### **Facts**

- 2. Respondent First Cal is a residential mortgage lender and loan servicer licensed by the Commissioner under the California Residential Mortgage Lending Act (CRMLA) (Fin. Code, § 50000 et seq.), (CRMLA License No. 415-0042). First Cal was also licensed by the Commissioner as a finance lender under the California Financing Law (CFL) (Fin. Code, § 22000 et seq.), (CFL License No. 605-4270) but that license was revoked by the Department pursuant to an order issued on December 27, 2017 for failure to pay required annual assessments. First Cal has its registered principal place of business located at 1400 North McDowell Boulevard, Suite 300, Petaluma California, 94954.
- 3. The Commissioner has jurisdiction over the licensing and regulation of persons and entities engaged in the business of lending and/or servicing residential mortgage loans pursuant to the CRMLA.
- 4. Pursuant to Financial Code section 50202, and California Code of Regulations, title 10, section 1950.314.1, licensees under the CRMLA are required to deposit all escrow and loan funds into a separate trust account, may not commingle their own assets with trust account funds, and are required to keep accounting records and ledgers of the trust accounts that are reconciled on a regular basis to verify compliance. Licensees are also required under Financial Code section 50124, subdivisions 6 and 10 to notify the Commissioner of any change in its business plan of operations and business location.
- 5. During a regulatory examination by the Department that commenced on October 3, 2016, First Cal was found to have commingled its own funds with loan funds held in trust account in

violation of Financial Code section 50202. This same violation was noted in examinations conducted by the Department on December 15, 2008 and October 22, 2012. The Department had issued an administrative order on October 14, 2014 to First Cal ordering it to discontinue such violations.

6. Subsequent efforts to contact First Cal by the Department regarding the violations at their place of business registered with the Department indicated that they no longer had any business operations at that address and all phone numbers provided by First Cal to the Department on their license application had been disconnect. Further investigation by the Department indicated First Cal had close all business locations and had ceased doing business without notifying the Department. No notice was ever filed with the Department by First Cal of any change of it registered business location, contact information or the status of the business as required by Financial Code section 50124.

### III.

## **Authority to Revoke CRMLA License**

- 7. Financial Code section 50327 provides:
  - (a) The commissioner may, after notice and a reasonable opportunity to be heard, suspend or revoke any license if the commissioner finds that:
  - (1) The licensee has violated any provision of this division or any rule or order of the commissioner thereunder. and within the authority of this division.
  - (2) Any fact or condition exists which, if it had existed at the time of the original application for such license, reasonably would have warranted the commissioner in refusing originally to issue such license.

### IV.

# **Conclusion**

The Commissioner finds that, by reason of the foregoing, First Cal Escrow Services Corporation has violated Financial Code sections 50202, and 50124 which constitutes grounds for the revocation of its CRMLA license pursuant to Financial Code section 50327.

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V. **Prayer** WHEREFORE, IT IS PRAYED that the CRMLA license of First California Mortgage Company be revoked pursuant to Financial Code section 50327. Dated: May 18, 2018 JAN LYNN OWEN San Francisco, CA Commissioner of Business Oversight  $By_{\underline{}}$ KIRK WALLACE Senior Counsel ACCUSATION IN SUPPORT OF ORDER TO REVOKE MORTGAGE LENDERS LICENSE